

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 — 0 0 6

2. STATE:

CO

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

July 1, 2001

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

CFR 42 Section 447.253

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ -1.8 Million 0

b. FFY 2002 \$ -1.8 Million 0

per Chris  
Underwood  
Colorado  
11/19/01

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A  
Page 14 and 159. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION II  
OR ATTACHMENT (If Applicable):Attachment 4.19A  
Page 14 and 15

10. SUBJECT OF AMENDMENT:

Outstate Disproportionate Share Hospitals split into Government Outstate Disproportionate Share  
Hospitals and Non-Government Outstate Disproportionate Share Hospitals

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:

As per Governor's letter dated Dec 14, 1999

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Marilyn E. Golden

14. TITLE:

Director, Office of Finance, Technology &amp; Policy

15. DATE SUBMITTED:

August 15, 2001

16. RETURN TO:

Colorado Department of Health Care Policy & Financing  
1575 Sherman Street  
Denver, CO 80203-1714

Attn: Karen Snell

17. DATE RECEIVED:

September 19, 2001

FOR REGIONAL OFFICE USE ONLY

18. DATE APPROVED:

September 19, 2001

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2001

20. TYPED NAME:

Spencer K. Erickson

21. SIGNATURE OF REGIONAL OFFICIAL:

22. TITLE:

Acting Associate Regional Administrator

23. REMARKS:

POSTMARK: Handcarried September 19, 2001

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

Page 14

- E. i. Effective July 1, 1994, an additional Disproportionate Share Adjustment payment method will apply to any Outstate Disproportionate Share hospitals meeting the Medicaid inpatient utilization rate formula. Effective February 26, 1997, an additional Disproportionate Share Adjustment payment method will apply to any Specialty Hospital meeting the Medicaid inpatient utilization rate formula. These hospitals are defined as those hospitals which meet the Disproportionate Share hospital criterion of having a Medicaid inpatient hospital services patient days utilization rate of at least one percent. These hospitals do not qualify for disproportionate share under the one standard deviation above the mean Medicaid utilization definition, and if they do, they are excluded from receiving this adjustment. Providers currently participating in other disproportionate share refinancing programs, or who are not participating in the Colorado Indigent Care Program, are excluded from receiving this adjustment. Outstate hospitals are defined as those Colorado hospitals that are outside the City and County of Denver, and who participate in the Colorado Indigent Care Program. Specialty Indigent Care Program providers are defined by the Colorado Indigent Care Program as those providers which either offer unique specialized services or serve a unique population.
- ii. Effective July 1, 2001, Outstate Disproportionate Share hospitals which do not qualify for disproportionate share under the one standard deviation above the mean Medicaid utilization definition will be separated into the Government Outstate Disproportionate Share hospitals and Non-Government Outstate Disproportionate Share hospitals. Government Outstate Disproportionate Share hospitals are defined as those Colorado hospitals that are located outside the City and County of Denver, who participate in the Colorado Indigent Care Program and are owned by a state, county or local government entity. Non-Government Outstate Disproportionate Share hospitals are defined as those Colorado hospitals that are located outside the City and County of Denver, who participate in the Colorado Indigent Care Program and are not owned by a state, county or local government entity.
- iii. These hospitals must have at least two obstetricians with staff privileges at the hospital who agree to provide obstetric services to individuals entitled to such services under the State Plan. In the case where a hospital is located in a rural area, (that is, an area outside of a Metropolitan Statistical area, as defined by the Executive Office of Management and Budget), the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures. The obstetrics requirement does not apply to a hospital in

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TN No. 01-006

Supersedes

Approval Date

12/18/01

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TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

Page 15

which the patients are predominantly under 18 years of age; or which does not offer non-emergency obstetric services as of December 21, 1987.

iv. Hospitals must participate in the Colorado Indigent Care Program, and must meet the separate annual audit requirements of the Colorado Indigent Care Program; and must supply data per the Colorado Indigent Care Program guidelines on total charges, total third party collections, total patient liability and write-off charges to the Colorado Indigent Care Program. Hospitals meeting these criteria shall be eligible for an additional Disproportionate Share payment adjustment as follows:

v. Each facility will receive a payment proportional to its uncompensated medically indigent costs, as calculated by the Colorado Indigent Care Program. These uncompensated costs will be calculated by taking total medically indigent charges, subtracting total third party collections and total patient liability to obtain write-off charges, and then multiplying write-off charges by the cost-to-charge ratio as defined by the Colorado Indigent Care Program, to calculate medically indigent write-off costs. The cost-to-charge ratio is defined by the Colorado Indigent Care Program as that cost-to-charge ratio calculated using the most recently submitted Medicare Cost Report for each hospital.

vi. For each hospital which qualifies under this section, these payments for indigent care costs will be calculated based upon historical data and the amount of funds appropriated annually by the General Assembly. The basis for this calculation will be cost data published by the Colorado Indigent Care Program in its most recent available annual report available before rate setting by the Department for each upcoming State fiscal year. This cost data will be inflated forward from the year of the most recent available report (using the CPI-W, Medical Care for Denver) through June 30 of the fiscal year payment period. The percentage of uncompensated cost reimbursed will be based on appropriations for Outstate Medically Indigent hospitals, but Government Outstate Disproportionate Share hospitals and Non-Government Outstate Disproportionate Share hospitals may have different calculated total reimbursement percentages of uncompensated costs. The Disproportionate Share hospital payment will not exceed uncompensated costs as defined in the Social Security Act, SEC.1923(g)(1)(A). Adjustments will be made to the monthly payments based on interim recalculations performed by the Colorado Indigent Care Program.

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